

## Message Text

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67

ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

DRC-01 /193 W

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R 091710Z JAN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6227

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, GATT, EEC

SUBJECT: EC RECLASSIFICATION OF SEMI-CONDUCTORS

REFS: A) EC BRUSSELS 0047

B) BONN 351

C) STATE 190776 (NOTAL, 1973)

D) STATE 158563 (NOTAL, 1972)

1. SUMMARY. THE EC COMMISSION HAS INFORMED THE  
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MISSION THAT THE COMMUNITY WILL NOW CONSIDER A CHANGE

IN THE RECLASSIFICATION OF SEMI-CONDUCTORS. AFTER  
INTERNAL DELIBERATION ON A DEFINITION, THE EC  
WILL DISCUSS WITH THE US A SUITABLE TARIFF SUB-ITEM  
WHICH WILL PRESUMABLY ALLOW A NINE PERCENT DUTY ON  
CERTAIN SEMI-CONDUCTORS ELEMENTS. END SUMMARY.

2. RODERICK ABBOTT OF THE EC COMMISSION'S DG FOR  
EXTERNAL RELATIONS HAS NOW INFORMED US OFFICALLY  
OF THE CURRENT STATUS OF THE SEMI-CONDUCTORS PROBLEM.  
ABBOTT SAID THAT THE BELGIANS HAD INDEED, AFTER THE  
DECEMBER 21, ARTICLE 113 COMMITTEE MEETING (REFTEL A), ENTERED  
A RESERVATION AGAINST RECONSIDERATION OF THE SEMI-  
CONDUCTOR CLASSIFICATION (REFTEL B), BUT THEY  
HAVE NOW WITHDRAWN THAT RESERVATION.

3. CONSEQUENTLY, THE COMMUNITY WILL NOW DISCUSS  
IN THE "MIXED GROUP", A CUSTOMS BODY, POSSIBLE  
DEFINITIONS FOR A TARIFF EX-OUT WHICH,  
ABBOTT EXPECTS, WOULD ALLOW A NINE PERCENT DUTY ON  
THE MAJOR PORTION OF THE SEMI-CONDUCTOR ELEMENTS  
NOW CLASSIFIED AT 17 PERCENT. THIS GROUP WILL MEET  
WITHIN THE NEXT TWO WEEKS. ABBOTT SAYS THE GROUP  
WILL CONSIDER THE US DEFINITION PROPOSED IN SEPTEMBER  
1972 (IDENTICAL TEXTS IN REFTELS B AND D),  
BUT HE DOES NOT KNOW WHICH DEFINITION THE  
GROUP WILL FAVOR. AFTER THE MIXED GROUP COMES TO SOME  
CONCLUSION THE COMMUNITY WILL DISCUSS ITS PROPOSALS  
WITH THE US AND HOPEFULLY ARRIVE AT AN AGREEMENT WHICH  
CAN THEN BE SUBMITTED TO THE EC COUNCIL. ABBOTT  
DOUBTS THAT FINAL RESOLUTION CAN COME BEFORE APRIL,  
BUT HE FEELS THAT AFTER A LONG PERIOD OF BEING ON  
THE WRONG TRACK THE COMMUNITY IS MAKING ENCOURAGING  
PROGRESS IN RESOLVING THIS ISSUE.

4. THOUGH THE BELGIANS HAVE DROPPED THEIR RESERVATION  
AND AGREED TO THE PROCEDURE OUTLINED ABOVE, THEY STATE  
THAT THEY HAVE FACTORIES PRODUCING THESE ITEMS THAT  
HAVE HITHERTO BEEN PROTECTED BY A 17 PERCENT DUTY.  
ABBOTT IS NOT YET SURE HOW THIS BELGIAN PROBLEM CAN  
BE SOLVED. (WE TOLD ABBOTT THAT WE HAD NOT YET BEEN  
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ABLE TO FIND ANY EXAMPLE WHERE BELGIUM HAS COLLECTED  
A 17 PERCENT DUTY ON WAFERS AND CHIPS. CONSEQUENTLY,  
THIS 17 PERCENT BELGIAN RATE MAY BE ONLY A THEORETICAL  
ONE.)

5. ABBOTT STATED THAT THE COMMISSION HAS NOTIFIED  
THE GATT SECRETARIAT TO PROCEED WITH THE LIST OF EC  
TARIFF RECTIFICATIONS BUT ELIMINATE THE EC PROPOSAL FOR

A CHANGE IN ITEM 85.21. THIS MEANS THAT THE EC IS INFORMING THE GATT SECRETARIAT THAT ITS PREVIOUS REQUEST FOR A TECHNICAL CHANGE IN DEFINITION OF 85.21 IS NOW WITHDRAWN. THE EC WILL SUBMIT A NEW REQUEST FOR A RECTIFICATION IN 85.21 AFTER AGREEMENT ON DEFINITIONS WITH THE US. ABBOTT ASSUMES THAT THIS WILL ALLOW THE US TO WITHDRAW ITS OBJECTION TO THE REMAINING EC RECTIFICATIONS (REFTEL C).

6. AS WITH PREVIOUS DEVELOPMENTS IN SEMI-CONDUCTORS, THE MISSION HAS INFORMED THE LAW FIRM, CLEARY-GOTTLIEB, LOCAL REPRESENTATIVE OF TEXAS INSTRUMENTS.HARTMAN

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## Message Attributes

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